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Summary

¶1. Summary. Every two weeks, USEmbassy Pretoria publishes a public health newsletter highlighting South African health issues based on press reports and studies of South African researchers. Comments and analysis do not necessarily reflect the opinion of the U.S. Government. Topics of this week's newsletter cover: South African Government Continues Strong HIV/AIDS Spending Commitment; Government Issues Bid for Civil Servant Medical Care; Guns Significant Health Care Cost; Health Department Releases Human Resources Plan; Erratic Infant Formula Supply Pose HIV Transmission Problems; SA Private Hospitals Cheaper than U.S. and Australia; and Poverty and Gender Inequality Hamper South Africa's Response to HIV/AIDS. End Summary.

South African Government Continues Strong HIV/AIDS Spending Commitment
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¶2. The 2005/6 National Budget shows a continuous commitment of the national government to increase AIDS spending through earmarked transfers to provinces and specific allocations to national departments. Total HIV and AIDS budgets (including conditional grants, which are earmarked spending transferred to provinces) increased from R1.4 billion ($220 million using 6.4 rands per dollar) in 2004/5 to R1.9 billion ($300 million) in 2005/6, increasing in real terms by 36 percent. Conditional grants continue to be a major source of HIV/AIDS funding for provinces.

¶3. Three government departments use HIV/AIDS funding. The Health Department spends its funding on prevention, treatment, care and support interventions. The Education Department uses HIV/AIDS funding for HIV/AIDS Life skills and prevention education in schools while the Department of Social Development spends its money on HIV/AIDS community and home-based care activities. The Health Department remains the provider of most HIV/AIDS services. The national HIV/AIDS Life skills program (managed by the Department of Education) is the slowest growing budget, declining by 3 percent in 2005/6 in real terms and by 1 percent over the 2005/6-2007/8 medium term, reaching R152 million ($24 million) by 2007/8. The Social Development Community and Home Based Care Services grant (the Department of Social Development's HIV/AIDS contribution) recorded a real growth of 88 percent in the 2005/6 budget, and will increase by 27 percent in real terms over the medium term reaching R195 million ($30 million) by 2007/8. The National Health HIV/AIDS budget increases by 38 percent in real terms in 2005/6, increasing 23 percent over the medium term to reach R2.1 billion ($330 million) by 2007/8. The South African government plans to spend R6.6 billion ($1 billion) over the medium term, of which 85 percent is allocated to the Health Department. These budget allocations exclude provincial discretionary allocations sourced from the provinces' own budgets. The provincial health departments are allocating an additional R2.3 billion ($360 million) from their own budgets, raising the total HIV/AIDS budget to R8 billion ($1.25 billion) over the medium term.

¶4. For implementation, monitoring and evaluation purposes, HIV/AIDS allocations between national and provincial departments indicate who is responsible for the bulk of implementation. In 2005/6 53 percent of the total health HIV/AIDS spending was conditional grants sourced from the National Government and spent by provinces, increasing to 55 percent by 2007/8. The provinces contributed 30 percent of the total health HIV/AIDS budgets from their own discretionary budgets. Spending at a national level decreases as a share of the total health HIV/AIDS budgets, from 17 percent in 2005/6 to 15 percent in 2007/8. Three provinces (Free State, Limpopo, and Northern Cape) do not add provincial funds to the HIV/AIDS conditional grants, with Kwa-Zulu Natal spending 54 percent and Guateng spending 57 percent of their total Health HIV/AIDS budget from provincial sources in 2005/6. Some provinces do not report their discretionary spending on HIV/AIDS and

official budget and expenditure documents do not disclose the amount of donor funding and how much was spent, making complete monitoring and evaluation of HIV/AIDS funding difficult. Source: IDASA Budget Brief No. 156, August 5.

GOVERNMENT ISSUES BID FOR CIVIL SERVANT MEDICAL CARE

¶5. The South African government has finally issued its long-awaited tender for a new compulsory medical insurance plan for public servants. The government intends for the new plan to simplify the provision of medical benefits to its employees, drive down costs, and increase the number of civil servants on medical insurance. Eight contracts are available for bids, among them: an administrator, a clearing house to manage members' prescription medicines, two providers of primary health-care services, an HIV management company, a hospital service provider, a managed care organization and an IT firm. Bids have to be prepared by September 1, and the bid should be finalized by October 7. Among the bid specifications are the equal weightings of 20 percent for price and empowerment status, in anticipation of which a number of black economic empowerment deals have been arranged. From January 2006, all public servants will be required to join the Government Employees Medical Scheme, including those who already belong to a medical scheme, and those who have no medical insurance yet. Public-sector trade unions and the Congress of South African Trade Unions oppose the government insurance plan, arguing that it could have adverse implications for low-income workers that would amount to a change in conditions of service. Among the top contenders for the scheme's administration contract are Old Mutual Healthcare, which announced an empowerment deal with Kwacha earlier this week, MxHealth, and SA's two biggest administrators, Discovery Health and Medscheme. An estimated 300,000 public servants' families are already covered under medical insurance plans and an additional 150,000 to 200,000 families would eligible for coverage. Source: Business Day, August 18.

GUNS SIGNIFICANT HEALTH CARE COST

¶6. South Africa could be spending up to R200 million a year ($31 million) just on treating people with serious abdominal gunshot wounds, according to researchers in the latest South African Medical Journal. Dr Denis Allard, a surgeon at Cape Town's GF Jooste Hospital, and University of Cape Town professor of medicine Dr Vanessa Burch, assert that this amount does not include the cost of gunshot injuries to other parts of the body. Their estimate is based on extrapolation from a study of wounds at GF Jooste, a state hospital on the violence-wracked Cape Flats. They found that over a seven month period, surgeons at Jooste did an average of one emergency laparotomy - surgical entry into the abdominal cavity - a week for firearm injuries. On average, each of the 21 patients treated at Jooste from admission to discharge cost the state health service about R10,269 ($1,600), 13 times the government's per capita health spending. Source: Sapa, August 18.

HEALTH DEPARTMENT RELEASES HUMAN RESOURCES PLAN

¶7. The Health Department's human resources plan has finally been released, and now further discussions are underway about how to ensure that the country has enough health workers to serve the nation. The challenge of ensuring that the country has enough health staff to serve citizens properly has been complicated by the exodus of skilled staff to wealthy health systems, a "changing disease profile" and a lack of a "developmental approach" to HR planning and management, notes the plan. By 2001, over 23,000 South African-born health professionals were working in Britain, U.S., Canada, Australia and New Zealand. By March this year, the entire public sector was left with only 42,373 professional nurses, 7,784 doctors and 1,561 pharmacists. The emergence of HIV, the persistence of tuberculosis (and complications such as multi-drug resistant TB), the re-emergence of diseases such as cholera and the increase in chronic "lifestyle" diseases such as diabetes have increased demands on the health sector. The plan's admission that there has been a "lack of a developmental approach" refers mainly to the fact that training institutions have not kept pace with the demands of the population. Between 1998 and 2003, only 4,018 new professional nurses were trained. This did not even keep up with population growth over the period. Yet, during the same time, the public health sector shifted care from hospitals to primary health clinics, meaning there was an even greater need for more nurses. The plan itself concedes that proper management is a key problem. South Africa spends 8.5 percent of its GDP on healthcare, which is a very substantial portion in global terms. Treasury has also set aside about R4.6 billion ($720 million) for provinces to train and develop health professionals over the next three years. For the next two weeks, the health department will be briefing stakeholders including trade unions, professional bodies and training institutions. Stakeholders have until 15 September to make written submissions on the plan. By January, a program to

develop national training standards for health workers is to be in place. Source: Health-e News, August 9 and Financial Mail, August 19.

ERRATIC INFANT FORMULA SUPPLY POSES HIV TRANSMISSION PROBLEMS

¶8. The Health Department met with representatives of Nestle, an international food and beverage company, to discuss shortages of the infant formula, Nan Pelargon, provided by the state to the babies of HIV positive mothers. The company is to provide a full report to the South African government on how it is addressing the erratic supply of infant formula to public health facilities. The company holds a government tender for providing infant formula to 2,525 sites countrywide for the national prevention of the vertical HIV transmission of HIV program. Exclusive formula feeding reduces the risk of transmission via breast milk by one-third, and women enrolling in the program are advised to bottle-feed. But the shortfall in supplying the formula could jeopardize the vertical transmission campaign. According to Nestle, the shortages were partly due to a 20 per cent increase in demand for the formula in 2004, which had been exacerbated by a strike at production facilities. In a statement the company said: "In order to address the shortage, we have reopened our Bethal factory and have commissioned our Brazilian market to assist us to meet our backlog and current needs. The supply will improve over the coming weeks and should gradually normalize as of October." Source: IRIN News, August 19.

SA HOSPITALS CHEAPER THAN U.S. AND AUSTRALIA

¶9. According to a study sponsored by the Hospital Association of South Africa, private hospitals in South Africa perform much of their surgery better, faster and cheaper than those hospitals in Australia and the United States. The report shows that South Africa is up to 50 percent cheaper than the US and Australia with regard to procedures requiring hospitalization. On average, the private hospital industry invests R8 billion ($1.3 billion) in health-care technology annually, about 45.7 percent of the sector's revenue. According to the study, the average combined cost of hospital and surgical fees, drug and surgical equipment for an uncomplicated Caesarean section in a private hospital in South Africa is about R15,431 ($2400), almost half the R29,445 ($4600) in Australia and a quarter of the R58,602 ($9200) cost in the U.S. The cost of a colonoscopy in a private South African hospital, R3,458 ($540), is one-third less than the cost of the identical procedure in Australia, R5,305 ($830), and 30 percent of the U.S. cost of R11,760 ($1800). A tonsillectomy performed in South Africa is between 53 percent and 58 percent cheaper than in Australia and less than 10 percent of the U.S. cost. A hip replacement is 77 percent cheaper than in Australia and 58 percent cheaper than in the U.S. A vasectomy costs R3,883 ($610), which is 10 percent of the R39,900 ($6200) charged in the U.S. The length of time a patient spends in South Africa's private hospitals is among the lowest worldwide. The average stay for an uncomplicated Caesarean section is four days in a private hospital in South Africa, compared with 3.38 days in the U.S. and 5.9 days in Australia. Patients who undergo a straightforward hip replacement in South Africa's private hospitals spend an average of 5.58 days in hospital, while the length of stay for the identical procedure in the U.S. and Australia is 4.59 and 9.5 respectively. Source: Sapa and Mail & Guardian, August 15.

POVERTY AND GENDER INEQUALITY HAMPER SOUTH AFRICA'S RESPONSE TO HIV/AIDS

¶10. Speaking at a recent HIV/AIDS forum organized by the HIV/AIDS networking organization, HIVAN, and the World Council of Religion and Peace (WCRP), Hoosen Coovadia, Professor of HIV/AIDS Research at the Nelson Mandela Medical School of the University of KwaZulu-Natal (KZN), asserted high unemployment rates, poverty and lack of access to basic services is such a problem in South Africa that enough resources could not be utilized to control the HIV/AIDS pandemic. He noted that recent statistics released by the national Department of Health, showing that HIV prevalence in South Africa had risen from 26.5 percent in 2002 to 29.5 percent in 2004, indicated that there was "something terribly wrong with this country's HIV/AIDS program. Nevertheless, Coovadia acknowledged the country's success in implementing one of the most extensive prevention of mother-to-child transmission (PMTCT) programs in the world, and enrolling more than 50,000 people in the national treatment plan. He called on researchers to pay greater attention to the link between HIV/AIDS and gender, and to remember that women were at higher risk of infection. Approximately 25 percent of South African women are raped or suffer domestic violence. According to Cookie Edwards, provincial coordinator of the KZN Network of Violence Against Women, HIV/AIDS and the abuse of women were often regarded as unrelated. Discussants at the forum also asserted that the country's fight against HIV/AIDS relied heavily on medical and

technical solutions, while largely ignoring social factors, such as behavior, beliefs, traditions and inter-personal relationships. Source: PlusNews, August 18.

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